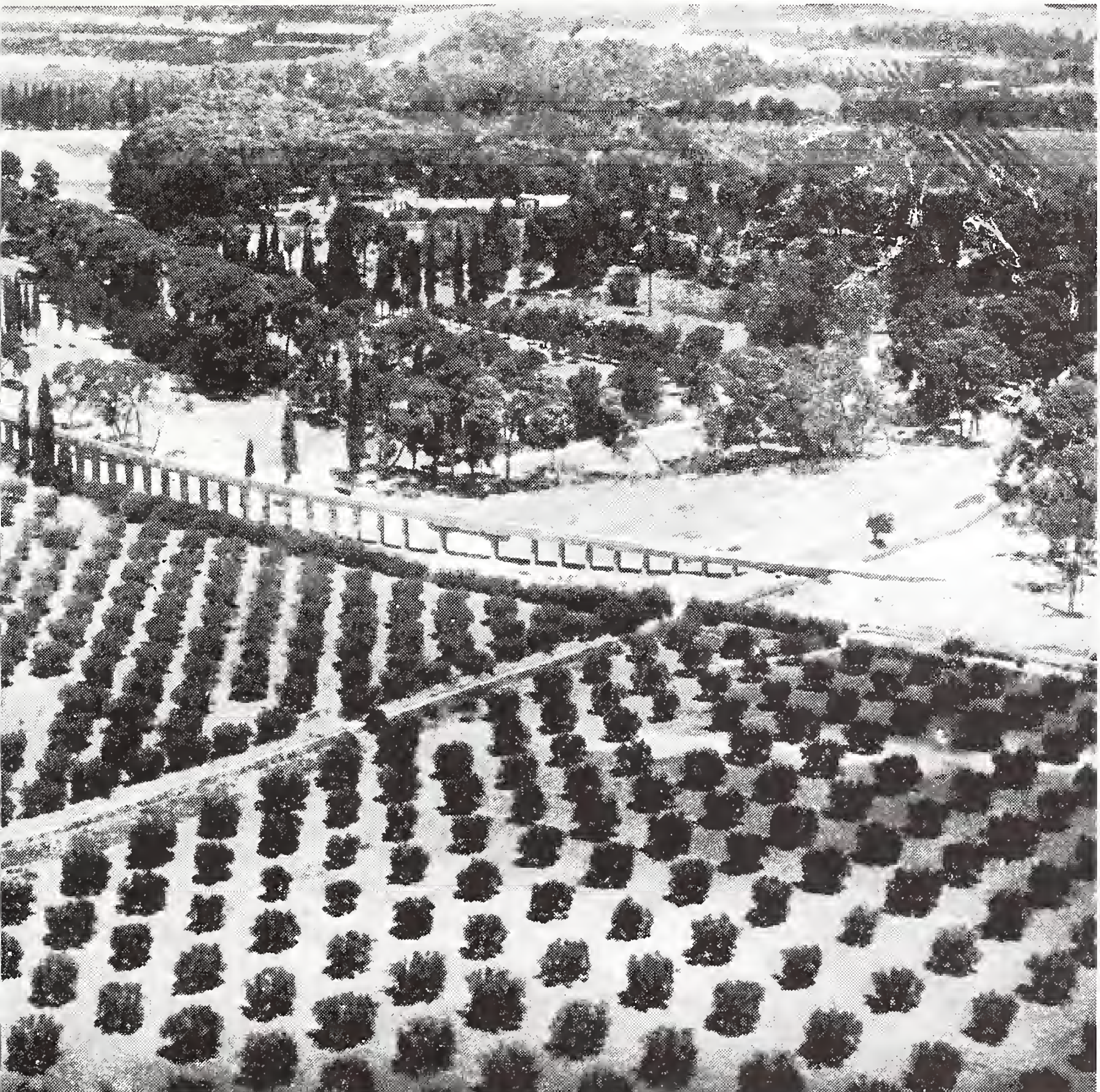
FOREIGN AGRICULTURE



July 20, 1970

Algerian Agriculture Since Independence

U.S. Competitors in the U.K. Market

Foreign
Agricultural
Service
U.S. DEPARTMENT
OF AGRICULTURE

FOREIGN AGRICULTURE

VOL. VIII • NO. 29 • July 20, 1970

In this issue:

This week's cover:

View of an Algerian olive grove. For an up-to-date look at the agricultural situation in Algeria see article beginning this page.

Use of funds for printing *Foreign Agriculture* has been approved by the Director of the Bureau of the Budget (May 1, 1969). Yearly subscription rate, $10.00 domestic, $13.00 foreign; single copies 20 cents. Order from Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.

Since Independence

By MARGARET B. MISSIAEN
Foreign Regional Analysis Division, ERS

On July 3, 1970, Algeria celebrated the eighth anniversary of its independence. The political break with France, which came after more than 7 years of war between the Arab nationalists and the French, necessitated the restructuring of Algeria's economy, especially the agricultural sector.

Prior to independence there were 22,037 agricultural operations encompassing 6,734,949 acres owned by Europeans, mostly French. These holdings plus a few farms owned by Algerians comprised the country's modern agricultural sector. The traditional agricultural sector contained an estimated 630,000 farms covering 18,152,030 acres. The European holdings were large, efficiently operated units containing the best agricultural land in the country and accounted for 60 percent of the value of agricultural output. The traditional farms, on the other hand, were small and often located on poor soil. Few of these farmers used any improved methods.

Post-independence changes

During 1962 and 1963 the structure of Algerian agriculture changed radically. The long war and independence caused many French farmers to leave Algeria. In July and August 1962 the French farmers farthest from the coast, in regions sparsely populated by Europeans, abandoned their estates. These vacant properties were then occupied by the Algerian workers. This movement of Algerians to lands formerly farmed by Europeans became known as "self-management" (a collective-cooperative type of farm) and formed the pattern for the restructuring of Algerian agriculture along socialistic lines, where the government owns the land and it is farmed cooperatively. In March 1963 the government legitimized these occupations by farm workers and also expropriated some of the largest estates still in French hands. By October 1963 all foreign-owned agricultural land had been expropriated by the Algerian Government.

Thus, in the short space of 15 months the agrarian reform, which began in the wheat-growing regions and ended in the vineyards, absorbed slightly over 6.7 million acres of the richest and best farmland in the country; and almost overnight, this land was converted from a system of colonial production based on private property to socialist production based on worker management.

The abrupt changes in the agricultural sector led to a substantial decrease in the value of agricultural production in the years immediately following independence. The French farmers had become increasingly uneasy about their future in Algeria during the period just before independence and had put off making investments in their farms. Also, as few Algerians were trained at the technical or managerial level, after the French left there were few people who had the skill necessary to manage a large modern farm. In addition to these difficulties, records and equipment were removed from farms and in some cases destroyed.

The Algerian Government has since consolidated the farms in the socialized sector because of the shortage of managers. In 1968, there were 1,953 "self-managed" farms, compared with the 22,000 European farms on approximately the same

ight Years of Algerian Agriculture

area in 1962. The value of agricultural output has probably not returned to the preindependence level because of lower production of wine, fruit, and vegetables.

The Algerian Government recently announced plans to carry agrarian reform one step further. A recent study revealed that in northern Algeria, where most of the agricultural land is located, 3 percent of the landowners control 25 percent of the arable land while half of the agricultural population farms only 10 percent of the cultivable areas. The proposed reform would eliminate virtually all forms of absentee ownership. The size of holdings would be limited to an area that can be farmed by a single family. Where large farms are more economical, the farmer would be given a share in a larger cooperative farm.

Major crops

Algeria's major crops are wheat, barley, grapes for wine, citrus, and fresh vegetables. While wheat and barley are the most important food crops in Algeria, wine and citrus are major agricultural exports. Fresh vegetables are produced for the domestic urban markets as well as for shipment to Europe.

Although production of many crops decreased sharply after independence, many have begun to recover. Cereal output was largely unaffected by the departure of the Europeans and the subsequent socialization of Algerian agriculture, since most of the wheat and barley is produced in the traditional sector. Weather, however, does cause wide fluctuations in the cereal harvest. The accompanying table shows the acreage and production of selected crops just before independence and for recent years.

Wheat production has been increasing at a slightly faster rate than population. Annual per capita wheat output went from 222 pounds during 1959-61 to 229 pounds during 1967-69. Although yields have increased slightly during this period, going from 9.1 to 9.4 bushels per acre, most of the rise in production was due to an expansion in area. Since there has been little change in production methods following independence, improved yields are due largely to favorable weather conditions rather than to improved technology. The government now realizes that traditional farmers must be encouraged to adopt some modern methods.

The sharp decline in *barley* production is a result of an increased preference for wheat for food and a decrease in livestock feeding after the departure of the Europeans.

Grape and wine production also have decreased dramatically since independence. Almost all the vineyards were owned by the Europeans and are now part of the socialized farms. The Algerian wine industry was developed by the French to complement French wine production. The Algerian wines with high alcohol content were mixed with lighter products from French vineyards. As late as 1965, vineyards occupied only one-tenth of cultivated land, but grapes in the forms of wine contributed nearly one-third of the value of agricultural production. Even though there has been some decrease in area harvested, lower yields account for most of the decline in grape production. Marketing difficulties in recent years have made wine production less profitable and the government is encouraging the conversion of vineyards to other crops.

ALGERIA: AREA AND PRODUCTION OF SELECTED CROPS

Item	1959-61 average		1967-69 average	
	Area	Production	Area	Production
	1,000 hectares	*1,000 metric tons*	*1,000 hectares*	*1,000 metric tons*
Wheat	1,785	1,087	2,150	1,350
Barley	1,069	606	604	393
Grapes for wine	367	2,035	307	1,046
Citrus	36	375	47	423

Fresh fruits and vegetables are important products of the commercial agricultural sector. Citrus has been a major export crop for years, but only recently have substantial quantities been consumed domestically. The increased citrus production has not meant increased exports.

The output of fresh vegetables was adversely affected by the changes following independence, for the truck farming operations were mostly European owned. The break with France disrupted both the production and marketing processes. One source estimates that in 1960, 890,000 tons of vegetables were harvested from 210,938 acres; in 1967, only 572,000 tons were harvested from 194,241 acres. Recently both area and production of vegetables has been expanded. The International Monetary Fund recently estimated the area of fresh vegetables at more than 250,000 acres. Production of tomatoes increased from 70,000 tons in 1967 to 100,000 tons in 1969. During the same period output of potatoes increased from 200,000 tons to 275,000.

Decreasing emphasis on farm trade

The pattern of Algeria's trade has been influenced both by independence and by increasing petroleum production. Agricultural exports, which averaged $303 million during 1959-61 (more than 80 percent of total exports), fell sharply to $142 million in 1968 (17 percent of total exports). As wine exports fell and petroleum exports rose, farm commodities became less important in the export picture.

On the import side, the change has also been dramatic. Total imports decreased from $1,144 million before 1962 to $639 million in 1967. Algeria's agricultural imports decreased rapidly after independence and have remained at a lower level. With the departure of almost 1 million Europeans, there was no longer a demand for some food items. Meat imports fell from $23 million to less than $1 million. Imports of dairy products are less than two-thirds the 1959-61 level. In general, agriculture's share of the import trade is declining. The higher level of agricultural imports in 1967 was due to a very poor grain harvest in 1966.

Wine marketing

Since 1967, Algeria has been faced with serious wine-marketing problems. After independence, Algeria signed a 5-year agreement with France for French imports of Algerian wine. The annual quotas were to decrease from 232 million gallons in 1964 to 185 million in 1968. This agreement was observed for 3 years, but in February 1967 the French Government suspended all imports of foreign wine. In August 1967 it forbade the mixture of foreign with domestic wines, the principal use of Algerian wine in France. Later, the ban on wine imports was partially relaxed for Algeria, and a mix-

ture of 25 percent with domestic wines was allowed for Algerian wine.

As a result of the ban, Algeria has had to seek markets for wine outside of France. However, prices received in other markets are much lower than the preferential prices in the French market. The USSR agreed to import 132 million gallons of Algerian wine for 7 years beginning in 1968. Wine exports have been increasing since 1967, but are still less than 50 percent of the 1959-61 level.

Even with the vineyard conversion program, large stocks of wine continue to accumulate in Algeria. Domestic consumption, which is very low, cannot be increased, since most Algerians are Moslems and do not drink alcoholic beverages.

Citrus is the most important fruit export. Because of the perennial nature of most fruit crops, the transition from European to Algerian ownership did not cause any long-run decrease in the value of exports. In recent years, output has been rising; however, a smaller percentage of the crop has been of exportable quality. Efforts are now underway to improve the citrus orchards. Exports of fresh and dried vegetables, on the other hand, are still below the preindependence level.

Cereals, largely bread wheat, have continued to be Algeria's major agricultural import. Increased domestic grain production in 1967 and 1968 reduced the need for imported wheat in 1968 and 1969. Since rainfall varies widely from year to year in Algeria, a drought and a subsequent need for increased cereal imports is always a possibility.

As is to be expected, Algeria has become less dependent on France as a trading partner. As a French colony, it had carried on about 80 percent of its trade with France. By 1968, France was supplying only 57 percent of Algeria's imports and taking 56 percent of its exports. However, there has been no major shift in trade from the West to the East. While the EC countries still account for about 75 percent of Algeria's trade, the USSR and other Eastern European countries account for less than 5 percent.

Hungary Supports Livestock on Household Plots

The Hungarian Government has instituted policies for the support of livestock raising on small household plots, where it has been steadily decreasing. This action was precipitated by livestock product shortages in 1969 and 1970.

In accordance with its policy of increasing livestock numbers, in March 1970 the government rescinded—for farmers who contract to market through the collective—its numerical limitation on household livestock. Bonuses are now being paid to farmers for raising additional heifers. Another incentive is the extension of higher livestock prices—previously available only to socialized farms—to those plot owners who contract with the collectives. Part of the increase or bonus received by the household plot holder will be used to compensate the collective for its services.

Several collectives help their members by selling them feed and granting them rights to pastures and meadows. One of the most prosperous, the Nadudvar Cooperative, proportions the feed supply of households to the working hours of household members on the collective.

Joint undertakings between collectives and individuals are constantly growing. Some of the collectives provide permanent advisers who help select breeds, advise about efficient feeding and animal hygiene, and coordinate plans and marketing. Some furnish chickens, repurchase the broilers, and divide net profits after sale. Similar agreements between collectives and individual farmers are in effect for hog and cattle fattening. This type of contractual agreement between farm management and individual households has begun to spread to the state farms.

In the 1950's, when most of the arable land in Hungary was collectivized, individual farm families were permitted to retain plots for their private use. Although limited in size to about 1.5 acres, these plots have been farmed intensively over the years and have accounted for a sizable share of total livestock numbers.

From 1965 to 1969, however, the householders' share of livestock continuously declined; as a result there was a nationwide drop in livestock inventory. The householders' share of cattle declined from 36 to 28 percent, their share of hogs from 37 to 33 percent. This decline in household livestock numbers was not compensated by a comparable increase on the collective and state farms.

The government recognizes that the least expensive way to rebuild the herds is to reverse the downward trend in household plot holdings. At this time, neither labor nor adequate shelters are readily available to the collective or state farms for large-scale livestock operations. However, the small stables, storage facilities, and work schedules of householder farmers are all well suited to livestock keeping; further, these small farm units do not require significant capital investment in building and feeding technology.

Numerous events led to the decline of household livestock holdings. Some of the more obvious ones are inadequate feed supply, animal diseases, and lack of interest in tending animals. Government officials also see a reason in the increasing income from collective farming, which makes spare-time efforts less necessary. Other causes are inadequate profits, particularly in milk production; the general aging of the farm population, which has made individuals physically less able to perform additional tasks; increased opportunity for young people to take part in cultural and social activities, thus leaving them with less time to care for animals; and the numerical limitation imposed on livestock holding by the government, thus binding people to small profits.

The government is also helping household plot holders in crop production. In May 1969 a cooperative agreement was reached with a West German firm for manufacturing garden-type tractors. The tractors are manufactured in West Germany, the spare parts in Hungary.

At the same time as it took the measures to boost livestock production on household plots, the Hungarian Government took steps to improve performance of the large state and collective farms. Increased producer prices—10 to 30 percent higher—became effective January 1, 1970. The government expects that eventually the bulk of production will take place on the large farms; however, until they are able to fulfill this role, continued support will be expected from households. And in the interim, stopgap measures—such as that of lifting the numerical limitation on individual livestock holdings, the furthering of cooperation between households and collectives, and the increased financial assistance to plot holders—are intended to help reverse the declining production trend.

—By Thomas A. Vankai
Foreign Regional Analysis Division, ERS

Grain Conference Examines Export Pipelines

The U.S. feedgrain industry, seeking to assure dependability of supply to overseas markets, is exploring a number of ways to prevent grain marketing bottlenecks from becoming a deterrent to the export movement of grains.

Early in June, representatives from U.S. grain concerns, rail industries, and government agencies met to discuss the transportation and storage situation at the Mid-America Grain Marketing and Transportation Conference in Lincoln, Nebraska. More than 450 delegates from the States most subject to the problem—Nebraska, North Dakota, South Dakota, Missouri, Arkansas, Iowa, Kansas, Wyoming, Texas, Minnesota, Colorado, and Oklahoma—heard a wide range of ideas for improving grain transportation and marketing.

Expanding grain exports

With a record feedgrain crop predicted for this year and prospects for increased exports brightening, feedgrain exporters clearly have a large interest in insuring smooth transportation to port cities. Secretary of Transportation John A. Volpe, a featured speaker at the Mid-America Conference, summarized the importance of access to ports. "The flow of commerce," he stated, "constantly cuts new channels of opportunity. Industries rise and fall on the basis of their access to markets."

Carl Heaton, Director of the Kansas City Commodity Office of USDA's Agricultural Stabilization and Conservation Service, told the Conference: "The Department has no intention of reversing the growth trend in grains and soybeans that flow in increasing quantity from U.S. farms to commercial markets all over this continent and the world. But we can and do try to avoid aggravating the grain shipment problem."

Mr. Heaton emphasized that this year USDA's Commodity Credit Corporation has gotten off to an early start in grain shipping. To the extent that space is available, grain is now moving to gulf and west coast port elevators in order to cover existing and potential sales of grain for export and to release inland storage points for further grain movement.

"For example," he said, "grain sorghum from Nebraska is moving in heavy volume to both the west and south coasts right now. We recently sold approximately 38 million bushels of barley for export at world prices . . . . Every effort is being made to make delivery by harvest time."

New marketing techniques discussed

Participants in the Mid-America Conference discussed the possibilities of additional rail equipment, more efficient use of existing equipment, increased grain storage facilities, and extensive use of trucks and barges.

One new concept called "Rent-a-Train" was described by Walter B. Saunders, vice president of Cargill, Inc. The plan permits a feedgrain company to rent an entire train and become responsible for its efficient operation. The train then shuttles grain from the company's inland elevators to its export terminals. Although Mr. Saunders spoke of recent successes with the "Rent-a-Train" plan, he hastened to add that all problems had not yet been ironed out and that the project is still considered in the experimental stage.

Several speakers mentioned the possibility of more grain storage space, both inland and at port terminals. In this way, gluts at producing areas, terminal areas, or in rail cars would be avoided; grain movement would be spread out evenly during the marketing process; and shipping schedules could be met economically. Recognizing this, USDA has recently helped make some $70 million available for farm storage and drying equipment loans, according to Mr. Heaton.

Mr. Saunders, who spoke of the need for more modern, highly automated grain terminals, emphasized the idea of serving the growing export market in the Far East from the west coast: "Japan and the Far East is a rapidly growing market, and so far that area has been quite dependent on the United States for its supplies. But our competitors—Australia, Thailand, Argentina, and Canada—are not rolling over and playing dead while the United States takes a greater share of an increasing market. They are making it more and more clear that we must give the customer what he wants, and believe me, our Far East customers want to buy their supplies off the U.S. west coast, not the Gulf of Mexico."

He added that rail rates to western ports would have to be set high enough to adequately compensate the railroads and yet low enough to inspire grain flow to the west coast.

Left, hatch comes down over loaded hopper car. Below, freight car is loaded as it passes through elevator.

Competition Enlivens the U.K. Market

Competition in the U.K. agricultural market can be described as keeping up with the Australians, and the New Zealanders, and the Israelis, and a host of other exporting countries which aggressively vie with one another in their drive to place products in the consumer's shopping cart.

Britain normally imports about one-half of its food requirements, and a visit to any London market or large retail outlet will reveal the variety of foreign foods available in the United Kingdom. Exporting countries take to the streets (billboards and buses), the air (television and radio), and the press (newspapers and magazines) to spread the buy words to the British consumer.

The United Kingdom is a relatively free market, although prices paid are often lower than an exporter might find elsewhere. For example, last year West Germany became the largest importer of Israeli citrus and the United Kingdom fell to second place, largely owing to the higher price (about 25 cents per box) paid in Germany.

Still, even with the lower prices, the Israelis consider the U.K. market important enough to spend large sums promoting citrus.

Dairy products and fruits and vegetables carry the brunt of the advertising fanfare; major shippers of these commodities have developed substantial budgets for all forms of promotional techniques, and even those shipping relatively small amounts are promoting through one medium or another.

Formal paid advertising accounts for a relatively small portion—about 10 percent—of the advertising budgets. The largest share of the funds is spent on promotional techniques which hit the buyer on a more personal and immediate level. These include participation in food trade fairs, solo shows staged in hotels throughout the country, and Trade Center activities.

Perhaps the most tangibly successful effort is the point-of-purchase (POP) promotion, which reaches the consumer within close range of the cash register. These promotions—usually held in supermarket chains—utilize decorations, samples, price reductions, and a variety of other techniques for encouraging the shopper to buy the promoted product.

The grocer too comes in for his share of promotional fire as he is encouraged, often by uniformed girl merchandisers, to stock the products of the advertising countries.

Following is a look at the programs carried on by some of the largest promoters in the U.K. market.

Denmark—bringing home the bacon

Denmark is one of the leading promoters of food products in the U.K. market. Danish bacon, butter, and cheese are advertised at bacon cutting demonstrations, point-of-purchase promotions, trade fairs, and mini trade shows called "An evening with the Danes." The 1969 bacon promotion called "The Big Taste Food of Today" featured a premium offer of a four-track record at a substantial savings. A Danish Trade Center is scheduled to open this year in Birmingham; others are already active in London, Manchester and Glasgow.

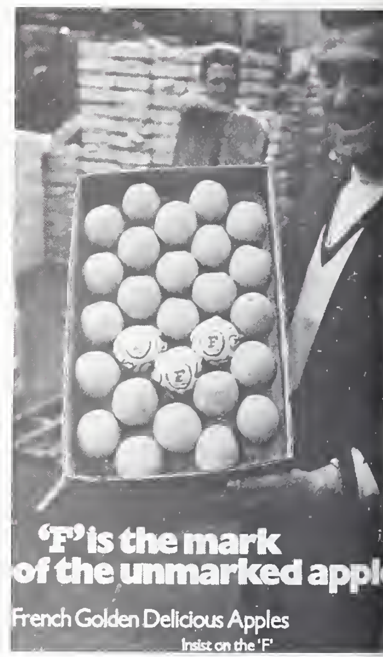
Australia—foods from down under

Another large promoter is Australia—with emphasis on point-of-purchase programs coordinated by staffs in London and Manchester. Last summer the chairman of the Australian Overseas Trade Publicity Committee spoke of Britain as a market for $148 million worth of food products bought through the eight Australian food marketing boards. This is about one-quarter of the Board's total agricultural sales.

South Africa—fruit from the Cape

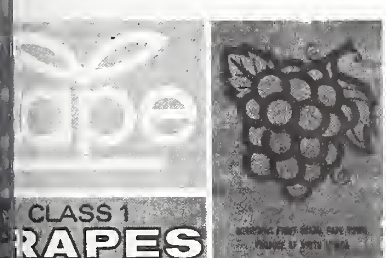
Another sharpshooter in the export firing line is South Africa, whose major promotional expenditures are devoted to citrus and deciduous fruits. In July 1969, 15 red-headed "dolly" girls uniformed in white and orange outfits were introduced to the fruit trade. Traveling in teams of four they blitzkrieged through the United Kingdom distributing hats, balloons, and keyrings to the public to advertise "Outspan," the brand name of South African citrus. Traders were eligible for small gifts if they had "Outspan" promotional materials on display when the girls called.

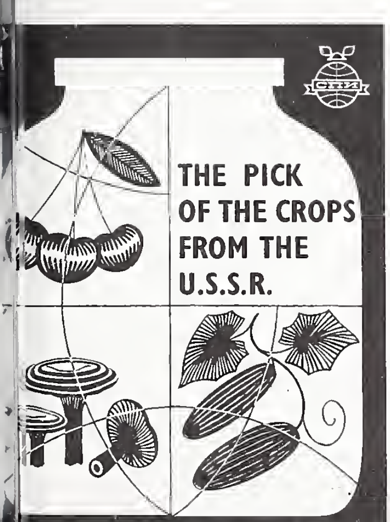
Frequent competitions are hold for both consumers and the trade. The grand prize for a "Mystery Shopper" Contest held in 1969 was a color TV set. Considerable press and trade advertising is utilized to push South African deciduous fruit marketed under the brand name "Cape." The *Cape Sun,* a quarterly



Apples, above, are one of the many foods from France which cross the channel. Below, trucks take to the roads for Danish bacon promotion.

The blitzkrieg advertising tactics outlined above help to spread New Zealand's Anchor brand butter throughout the United Kingdom. Fruit from New Zealand, left, and South Africa, below, also come in for their share of promotional fire.





newspaper devoted to news of the South African fruits currently on the market and replete with contests and information about advertising material, is distributed to the fruit trade.

France—wining and dining

British consumers are urged to purchase cheese, wine, and fruits and vegetables from across the channel by Foods From France (SOPEXA), the French national food promotion agency. The major campaign of 1969 was a September-to-Christmas promotion of Brie and Camembert cheese with a large advertising campaign focused on colored ads in newspaper supplements and women's magazines.

A special promotion of artichokes—a generally unknown item in the United Kingdom—was also undertaken in 1969. Leaflets and recipes were distributed through greengrocers in an effort to acquaint the British housewife with the proper preparation of the vegetable.

New Zealand—anchor in the market

New Zealand and the United States are presently jockeying for the position of leading country supplier to the United Kingdom. New Zealand meat and dairy products are the main items shipped, and butter, cheese, fruit, and vegetables receive the brunt of the promotional effort. New Zealand's "Anchor" brand butter is advertised as the brand leader, and last year the "Anchor" brand name spread to Cheddar cheese. Paid advertising for "Anchor" includes 30-second spots on commercial television, full color pages in women's magazines, and outdoor posters. Special point-of-purchase promotions drum up sales by including premiums such as butter knives at reduced prices. Fourteen New Zealand girls were utilized in 1969 to help spread the "Anchor" smile through Britain by their appearances at supermarket promotions.

Israel—contests and promotions

Israel's two produce-promoting agencies—the Citrus Marketing Board, which advertises grapefruit and oranges under the "Jaffa" label, and AGREXO, which pushes other fresh fruits and vegetables under the brand name "Carmel"—have joined together to form the Israel Produce Board and are now making a united effort to snare a larger part of the U.K. fruit and vegetable market. Heavy emphasis is put on POP promotions. In 1969 a team of 24 girl merchandisers called on 10,500 outlets to deliver sales material. A share of the Israeli advertising budget is devoted to consumer and trade contests. In January 1970 the produce marketing boards sponsored an all-cost-paid week tour to Israel for 47 importers, agents, and produce buyers from Britain.

The Netherlands—cheese whiz

Holland devotes a considerable proportion of its promotional effort to one commodity—cheese—with the emphasis on POP promotions. In 1969 the Dutch Dairy Bureau had 100 girls in Dutch costumes call on store managers to install point-of-sale materials and arrange sampling and selling programs.

Germany—gut essen, gut trinken

German food specialties are actively promoted via POP promotions run by German demonstrators dressed in native costumes. Goods are generally furnished on a "sales or return" basis with the supplier guaranteeing to accept unsold items at the close of the promotion. German apples come in for heavy exposure in the trade press.

Other promoters

In addition to the efforts of these major suppliers, the British consumer is also bombarded by a swarm of smaller exporting countries who make periodic forays into the advertising media to push their particular commodities. Apples from British Columbia, lemons from Italy, oranges from Morocco, and grapefruit from Trinidad are just some of the products advertised to consumers.

—Based on dispatches from
WILLIAM L. SCHOLZ
Assistant U.S. Agricultural Attaché, London

Many countries participate in Trade Fairs such as the one held in 1969 at Manchester, right. Left, advertisement for foods made in the USSR.

CCC Export Credit Sales Increase Sharply

By JOHN C. SCHOLL
Export Marketing Service

Steps taken in recent months to strengthen the Commodity Credit Corporation (CCC) Export Credit Sales program are beginning to pay off in the form of larger commercial agricultural exports, wider country participation, and an increased number of commodities exported.

During the fiscal year just closed, this USDA-sponsored credit program accounted for $211 million in exports, an increase of $95 million over fiscal 1969. It financed sales in 33 countries, eight of which were new to the program. And it helped sales of five commodities never financed before.

The CCC credit program is one of the techniques used by the Department of Agriculture to promote private commercial trade. Making credit available for up to 3 years, it helps to bridge the gap between normal commercial trade terms and the longer credit periods or other concessional terms extended under the export programs of Public Law 480.

The increase in CCC export credit sales of the past year reflects USDA efforts to keep the program effective in meeting stiffer commercial competition in world markets. This is imperative in view of the credit terms and other arrangements being made by trade competitors of the United States.

Country and commodity use expanded

The use of CCC credit in 33 countries last year was an increase of 13 over fiscal 1969. Countries using CCC credits for the first time since the program began in 1956 were Angola, Finland, Iran, Liberia, Mozambique, Romania, the Somali Republic, and Sweden. In terms of sales, the most important new country was Romania, which imported sizable quantities of cotton and barley and some seeds. The program has previously been used in other countries in East Europe—Hungary, Yugoslavia, Poland, and Czechoslovakia.

The interest in CCC credit varies widely between countries and geographic areas, depending upon interest rates, competition, supply-demand, and other factors. The following table shows the geographic distribution of CCC credit during the past 3 fiscal years.

DISTRIBUTION OF CCC EXPORT CREDIT

Area	Fiscal year 1968	Fiscal year 1969	Fiscal year 1970
	Percent	*Percent*	*Percent*
Latin America	12.5	0.2	0.8
Western Europe	17.4	19.3	37.0
Eastern Europe	33.5	21.8	13.0
Middle East	2.8	0.8	3.9
Africa	5.2	4.4	11.1
Asia and Oceania	28.6	53.5	34.1
Total	100.0	100.0	100.0

Contributing to the larger exports in 1970 was the increase in the commodities eligible for CCC financing. Commodities added were flaxseed, linseed oil, selected planting seeds, cottonseed meal, and raisins. Of these, raisins were an important addition, representing about $2 million worth of business. The program was particularly useful in financing raisins to Mexico and several other countries.

Cattle breeding stock is another relative newcomer to the program. Last fall the first shipment of cattle under CCC credit was made to Thailand. Since then there has been a modest sale to Nicaragua and somewhat larger sales to Mozambique and Angola. While no dramatic increases are expected in exports of livestock under CCC credit—indeed, credit for livestock should be used discreetly and selectively—certain operational problems have been eliminated and an increase should develop.

Actually, there were larger exports in 1970 of nearly all the major commodities eligible for the program. Exports of corn increased threefold while those of wheat more than doubled. Tobacco exports were up significantly, and cotton sales were slightly higher than during the previous year.

Changes in program

A number of actions were taken during the year to strengthen and expand the program. These included reviewing and redefining the criteria for commodity eligibility. This reflected a change in the key objective of the program. When it began in 1956 the major purpose was to help reduce the then large stock of government-owned commodities in CCC inventory. Primary consideration is still given to price support commodities, which account for well over 90 percent of the total exports under CCC credit. However, since all commodities exported during the past 3 years have been from private stocks, eligibility is no longer specifically tied to price support commodities. It is geared to expanding dollar sales and meeting (within overall policy guidelines and export objectives) commercial competition in regaining and maintaining the fair share of a market.

The new criteria spell out several elements used in determining eligibility. For example, a commodity made eligible for CCC financing should be in a net export supply position and credit should clearly be needed to offset competitive price and credit terms being offered by other suppliers. A procedure has also been developed to measure the value of CCC credit for various credit periods within the 3-year maximum limit in relation to interest rates and other terms and conditions being offered by competitors in countries where CCC credit is being used or could be used.

The new guidelines provide that prices and credit terms offered by competitors must be such that CCC credit is needed to increase overall U.S. commercial exports by obtaining business that otherwise would not materialize. This assures that the program supplements rather than displaces cash sales. It is a basic justification for using CCC credit financing.

Another action in 1970 that materially increased the effectiveness of the program was increasing the usual credit period to 12 months for all eligible commodities. Previously it had been 6 months for all commodities except cotton, tobacco, and vegetable oil. The continuous liberalization of credit terms by competitors made it clear that at least 12 months' credit was generally needed to make the CCC credit program effective. The trend in international agricultural trade is in the direction of longer credit periods and generally more liberalized terms. For some commodities, such as raisins, a 6 months' credit period is still adequate, but this is an exception. The overall objective is still to use the minimum credit period necessary to get the business.

Aside from the usual credit period of 12 months, lines of credit for a maximum of 3 years are permitted when they can be justified on the basis of certain criteria. In general these include a finding that a longer credit period is necessary to permit U.S exporters to meet competition or to bring about new uses of imported agricultural commodities. These would result in expanded consumption and increased total commercial sales of U.S. agricultural commodities to the recipient countries. Last year, on this basis, it became clear that it would be necessary to use 3-year credit periods to a larger extent than in the past to attain program objectives.

Attache efforts help program

Another factor in the growth of the program has been the work done by agricultural attachés in many countries to acquaint trade groups, banking officials, and others with its availability and with details about its technical aspects. In addition, a USDA representative joined with other government agency personnel in a series of export credit seminars in the Far East for foreign government and banking officials, importers of a variety of goods and trade people.

Streamlining operations

The program is being continuously reviewed to simplify and streamline operations as much as possible. This is being done in such a way as to maintain the commercial concept of CCC credit. A number of changes are being reviewed as a part of the overall effort to enhance the program's effectiveness and to bring operations in line with changing commercial practices.

No changes in the basic objectives of the program are anticipated in the foreseeable future. CCC financing of agricultural commodities will still be from private stocks and accomplished by the purchase by the CCC of the exporter's account receivable.

Financing arrangements will continue to be made with private U.S. exporters who, in turn, pass on the credit to the foreign buyers. Foreign bank letters of credit must still be confirmed for commercial risk for at least 10 percent by U.S. banks. Letters of credit issued by U.S. banks continue to cover political as well as commercial risks.

A look at the future

The use of CCC credit should continue to increase in the future. This assumes a continuation of about the same competitive market forces as in the recent past. There may be significant shifts between countries and geographic areas. For example, exports to the Far East may decrease, but increased demands in Latin America and Africa are anticipated. CCC credit should continue to play a major role in U.S. commercial exports of a great variety of agricultural products.

Australian Livestock and Meat Industry Prospering

Australia's livestock industry, aided by strong demand for meat at home and around the world, is enjoying a period of prosperity. Production of all meat types is up—pork to record levels—and prices are strong. Australian livestockmen see this pleasant prospect lasting well into the future.

The livestock and meat industry has been on the rise in Australia since the end of the 1965 drought. Cattle numbers were at an alltime high of 20.8 million head at the time of the March 1969 census, and another record is expected when the 1970 figures are announced. The increase is general for all livestock classes except dairy cattle, which are on the decline in the face of lower profits and government assistance to farmers who move out of dairying.

For the first 9 months of the Australian fiscal year (July-March), production of all meat types was up from a year earlier. Beef and veal rose from 651,000 long tons to 721,000 (carcass weight); mutton, from 266,000 to 330,000; lamb, from 235,000 to 243,000; pork from 118,600 to 129,500.

A major factor in the bullish outlook for Australian meat is the favorable export situation. Exports of beef and veal accounted for one-third of total production in 1969, with the United States by far the largest customer, followed by the United Kingdom, Japan, and Canada. The average cash return from meat exports was much higher than in 1968, owing largely to higher prices on the U.S. and Canadian markets.

Lamb exports increased one-third from 1968 to a 1969 total of 35,677 long tons. The most dramatic jump was in sales to the United States, which almost doubled. There was also a healthy increase in lamb exports to the United Kingdom, which rose from 11,500 to 16,800 long tons.

Pork became significant in the Australian export picture for the first time in 1969, zooming to 5,200 long tons from less than 500 the previous year. This was almost wholly the result of a strong market for pork in Japan. Australian pork producers are anxious to maintain exports at around the current high levels to stabilize prices in their industry.

The mutton export picture is clouded by the U.S. action in mid-May barring Australian mutton from the United States because it was not meeting the standards laid down under the U.S. Wholesome Meat Act. There are good markets for Australian mutton in Japan, Canada, and the Middle East, and the government is working hard to tighten inspection procedures to meet U.S. and Canadian requirements. Two weeks after the U.S. ban, Australian prices remained steady.

So far as domestic meat consumption is concerned, the Australian pattern in recent years has been mixed. Consumption of beef and veal dropped at the rate of 20 pounds per capita from 1963 to 1967, then made a steady recovery and in 1969 reached 90.7 pounds. But export demand is so strong that it has tended to price beef and veal to a level that discourages consumption by lower income people.

Lamb prices, however, have been highly competitive, and consumers who find beef prices too high are substituting lamb. Thus, lamb consumption, which was only 36.8 pounds per person in 1966, hit an alltime high of 49 pounds in 1969. Mutton's popularity however, is dropping: there is not enough price difference between mutton and lamb for housewives to buy the older, tougher meat.

Pork and poultry consumption also hit alltime highs in 1969. Australian poultry consumption has now reached 19 pounds per capita, placing it ahead of pork among consumer meat preferences. Although less than half the U.S. average, that is high enough to have caused a 50-percent expansion in the country's poultry production since 1965—an increase that is lowering retail poultry prices and making the product more competitive with beef and veal.

—Based on dispatches from *the Office of the U.S. Agricultural Attaché, Canberra*

CROPS AND MARKETS SHORTS

French Synthetic Protein Plant

A synthetic protein plant will be built in Lavera, France, near Marseille by the French subsidiary of the Birtish Petroleum Company, according to an announcement made by the Company's Chairman of the Board. The plant is expected to begin operations in April 1971 with an annual capacity of 20,000 metric tons of protein extracted from petroleum.

It is reported that this new synthetic protein will eventually be used as human food to alleviate the protein shortage in developing countries. Its first use, however, will be as a supplement in animal feed rations, especially hogs and poultry. Permits for its use are expected to be issued soon to the French mixed feed industry. As these proteins become available in 1971, they are expected to compete with soybean meal and other meals used by the high-protein-feed industry.

Ivory Coast Plans Sugar Production

The Ivory Coast Minister of Agriculture recently announced that a sugar mill and surrounding plantations will be established in the north of country near Ferkessédougou. The mill is expected to go into production in late 1971 or early 1972 and is to have an annual capacity of 40,000 metric tons. Further, a state-run sugar corporation is being planned, which will draw on private companies for assistance in the management of the country's sugar industry.

The Ivory Coast has not been producing sugar and has had to import to supply its consumption requirements. Imports now amount to about 40,000 metric tons, primarily from France and the Malagasy Republic.

Germany Sets Orchid Import Tender

West Germany has announced a tender allowing imports of fresh cut orchids from all countries outside the Eastern Bloc.

EC quality standards and Germany phytosanitary regulations must be observed. Applications for import licenses will be accepted by the West German Government until an undisclosed value limit is reached but not later than December 30, 1970. Licenses will be valid through December 31, 1970. The first day of customs clearance was July 1.

Canada's Wheat Supplies at Record

Canada's Dominion Bureau of Statistics (DBS) reported recently that total domestic supplies of wheat in Canada for the 1969-70 crop year (August-July) were at an alltime high of 1,536.1 million bushels, consisting of 851.8 million bushels from the August 1 carryover and 684.3 million bushels from the 1969 crop. The total supplies were 17 percent greater than the 1,315.4 million bushels of the 1968-69 crop year. Increases in both carryover stocks and production contributed to the year's high.

Allowing 165.0 million bushels for anticipated domestic requirements, supplies available for export and carryover during 1969-70 amounted to 1,371.1 million bushels, 18 percent above the 1,157.7 million in 1968-69.

During August-April of the 1969-70 crop year, exports of wheat and flour in terms of wheat equivalent amounted to 219.4 million bushels. This is slightly above the total for the corresponding period of the previous crop year—218.4 million bushels—but below the 10-year (1958-59 through 1967-68) average for the same period—286.3 million bushels. The balance remaining on May 1, 1970, for export and carryover amounted to 1,151.7 million bushels, 23 percent more than the year-earlier total of 939.3 million bushels.

Total deliveries of wheat by farmers to elevators (both east and west) up to the middle of May of the current crop year have amounted to 223.6 million bushels, down from 265.6 million during the same period of the previous year. Some 34.2 million bushels of this year's total were delivered during the 3 weeks from April 23 to May 13, 1970. During the same period the volume of Canadian wheat entering domestic and export channels amounted to 32.3 million bushels. As a result during the 3-week period, the total visible supply of Canadian wheat rose from 406.0 million bushels to 407.9 million.

Weekly Rotterdam Grain Price Report

Current prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago, are as follows:

Item	July 8	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	1.98	+2	1.92
USSR SK-14	(1)	(1)	1.84
Australia Prime Hard	(1)	(1)	1.87
U.S. No. 2 Dark Northern Spring:			
14 percent	1.87	+2	1.91
15 percent	1.96	+3	1.92
U.S. No. 2 Hard Winter:			
13.5 percent	1.78	0	1.88
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	1.65	−4	1.71
Feedgrains:			
U.S. No. 3 Yellow Corn	1.68	−2	1.47
Argentine Plate corn	1.74	−4	1.67
U.S. No. 2 sorghum	1.43	−3	1.28
Argentine-Granifero	1.45	−4	1.28
Soybeans:			
U.S. No. 2 Yellow	3.29	0	2.87

(1) Not quoted.
Note: All quoted c.i.f. Rotterdam for 30- to 60-day delivery

May Tobacco Imports Down

U.S. general imports (arrivals) of unmanufactured tobacco during May 1970 were 22.3 million pounds, down 44 percent from the 40.1 million pounds imported in May 1969. Total value during the month fell to $7.3 million from $22.7 million a year earlier. Reduced imports are due almost entirely to lower arrivals of cigarette leaf from Turkey, Greece, and Yugoslavia. However, cigarette leaf imports from the Philippines were 4.9 million pounds. In the past, only small quan-

tities of cigarette leaf were imported in this category from the Philippines.

Cumulative general imports for the first 5 months of 1970 (January-May) totaled 131.1 million pounds, 13 percent above the 115.6 million pounds imported during the same 5-month period a year ago. Increases were recorded in all categories except scrap tobacco and stems.

U.S. GENERAL IMPORTS OF UNMANUFACTURED TOBACCO

Period and kind	1969 Quantity	1969 Value	1970 Quantity	1970 Value
	1,000 pounds	*1,000 dollars*	*1,000 pounds*	*1,000 dollars*
January-May:				
Cigarette leaf (flue & burley)	6,760	2,062	9,729	3,721
Cigarette leaf, other	79,202	51,409	91,013	56,416
Cigar wrapper	288	897	387	1,517
Mixed filler & wrapper	191	871	231	1,043
Cigar filler, unstemmed	11,668	3,727	16,213	5,892
Cigar filler, stemmed	589	750	895	1,051
Scrap	15,971	4,410	12,623	3,560
Stems	959	20	56	3
Total	115,629	64,146	131,147	73,203
May:				
Cigarette leaf (flue & burley)	1,397	331	1,999	665
Cigarette leaf, other	30,916	19,844	13,122	3,789
Cigar wrapper	126	418	114	462
Mixed filler & wrapper	14	49	32	144
Cigar filler, unstemmed	3,654	884	4,141	1,301
Cigar filler, stemmed	217	297	210	265
Scrap	3,451	917	2,653	660
Stems	352	6	28	1
Total	40,127	22,746	22,299	7,287

Bureau of the Census.

U.S. Tobacco Exports in May

U.S. exports of unmanufactured tobacco in May 1970 totaled 37.2 million pounds, down 35 percent from the 66.5 million pounds exported in May 1969. The value—at $37.2 million—was substantially below the value of $57.1 million exported in May 1969. Lower shipments of flue-cured as well as burley and Maryland tobaccos were largely responsible for the reduced volume.

Cumulative January-May 1970 exports—at 168.0 million pounds— were 4.4 percent above the 160.9 million pounds exported during the same period a year ago. Export value—at $152.8 million—was 7.8 percent above the $141.7 million shipped last year.

Exports of unmanufactured tobacco during the first 11 months of the fiscal year 1970 (July 1969-May 1970), totaled 528.7 million pounds compared with 515.6 million pounds exported during the same period a year ago.

The export value of tobacco products in May 1970 rose to $17.4 million from $15.2 million in May 1969. Export value jumped 42.6 percent during January-May 1970 compared with the same 5-month period in 1969. In the first 11 months of the current fiscal year, exports of tobacco products were valued at $158.7 million compared with $139.0 million during the same period a year earlier.

U.S. EXPORTS OF UNMANUFACTURED TOBACCO
[Export weight]

Kind	May 1969	May 1970	January-May 1969	January-May 1970	Change from 1969
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*Percent*
Flue-cured	48,983	28,040	115,104	116,111	+ 0.9
Burley	6,450	4,368	17,682	15,109	− 14.6
Dark-fired Ky.-Tenn.	15,557	417	6,426	6,112	− 4.9
Va. fire-cured [1]	319	951	1,440	1,733	+ 20.3
Maryland	2,609	852	4,379	4,724	+ 7.9
Green River	0	15	301	179	− 40.5
One Sucker	0	56	71	229	+222.5
Black Fat	34	199	216	1,077	+398.6
Cigar wrapper	360	89	1,243	582	− 53.2
Cigar binder	98	([2])	154	84	− 45.5
Cigar fiiller	46	0	323	143	− 55.7
Other	6,049	4,940	13,529	21,937	+ 62.1
Total	66,505	39,927	160,868	168,020	+ 4.4
	Mil dol.	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Percent*
Declared value	57.1	37.2	141.7	152.8	+ 7.8

[1] Includes sun-cured. [2] Less than 500 pounds.
Bureau of the Census.

U.S. EXPORTS OF TOBACCO PRODUCTS

Kind	May 1969	May 1970	January-May 1969	January-May 1970	Change from 1969
Cigars and cheroots *1,000 pieces*	5,433	3,645	27,388	21,875	− 20.1
Cigarettes *Million pieces*	2,242	2,838	8,315	11,722	+ 41.0
Chewing and snuff *1,000 pounds*	3	1	13	26	+100.0
Smoking tobacco in pkgs. *1,000 pounds*	87	62	416	372	− 10.6
Smoking tobacco in bulk *1,000 pounds*	3,146	1,860	5,800	7,022	+ 21.1
Total declared value *Million dollars*	15.2	17.4	50.2	71.6	+ 42.6

Bureau of the Census.

Meat Imports in May

U.S. meat imports subject to the Meat Import Law during May 1970 totaled 62.0 million pounds. This quantity was

U.S. IMPORTS SUBJECT TO MEAT IMPORT LAW
[P.L. 88-482]

Imports	May	January-May
	Million pounds	*Million pounds*
1970		
Subject to Meat Import Law [1]	62.0	487.9
Total beef and veal [2]	72.2	540.9
Total red meat [3]	109.1	743.2
1969		
Subject to Meat Import Law [1]	80.5	398.9
Total beef and veal [2]	87.2	441.0
Total red meat [3]	131.3	622.3
1968		
Subject to Meat Import Law [1]	56.1	351.9
Total beef and veal [2]	71.3	394.2
Total red meat [3]	106.5	576.5

[1] Fresh, chilled, and frozen beef, veal, mutton, and goat meet. [2] All forms, including canned and preserved. [3] Total beef, veal, pork, lamb, mutton, and goat.

23.0 percent below the May 1969 figure of 80.5 million pounds. However, imports for the January-May period this year—at 487.9 million pounds—are 22.3 percent above the 398.9 million pounds for the same period last year.

Reduced imports from Australia, Ireland, Honduras, the Dominican Republic, Panama, and Haiti more than offset the larger entries for consumption from New Zealand, Mexico, Canada, Costa Rica, Nicaragua, Guatemala, and the United Kingdom (Northern Ireland). Imports from the largest supplier—Australia—totaled 20.5 million pounds, followed by New Zealand with 14.3 million, Canada with 7.9 million, and Mexico with 5.4 million.

U.S. IMPORTS SUBJECT TO MEAT IMPORT LAW,[1] BY COUNTRY

Country of origin	May		Jan.-May		Change from 1969	
	1969	1970	1969	1970	May	Jan.-May
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*Percent*	*Percent*
Australia	43,658	20,522	181,830	223,202	− 53.0	+ 22.8
New Zealand	12,189	14,307	83,452	79,345	+ 17.4	− 4.9
Mexico	4,523	5,394	29,848	42,644	+ 19.3	+ 42.9
Canada	3,323	7,872	16,500	33,109	+136.9	+100.7
Ireland	7,601	2,956	23,657	30,092	− 61.1	+ 27.2
Costa Rica	2,409	3,125	15,458	22,824	+ 29.7	+ 47.7
Nicaragua	2,197	3,145	17,719	20,523	+ 43.1	+ 15.8
Guatemala	1,614	1,762	10,834	13,792	+ 9.2	+ 27.3
Honduras	1,515	918	9,283	12,762	− 39.4	+ 37.5
Panama	359	294	2,153	3,800	− 18.1	+ 76.5
Dominican Republic	938	669	5,672	3,380	− 28.7	− 40.4
United Kingdom	34	892	1,898	1,857	—	− 2.2
Haiti	133	129	615	548	− 3.0	− 10.9
Total	80,493	61,985	398,919	487,878	− 23.0	+ 22.3

[1] Fresh, frozen and chilled beef, veal, mutton, and goat meat. Excludes canned meat and other prepared or preserved meat products.

Crops and Markets Index

Commission Postpones Dairy Inquiry

The U.S. Tariff Commission has postponed from July 7 to July 28 its Section 22 hearings on imports of four specified dairy products not under quotas (*Foreign Agriculture*, June 15, p. 6). The Commission acted in response to a request from the House Ways and Means Committee for a parallel investigation of dairy imports under Section 332(g) of the Tariff Act of 1930. The two hearings will be held consecutively.

Section 332(g) investigations concern "conditions of competition" and do not involve "findings" or recommendations for action. The subjects listed in the Committee's request are cheese now subject to the 47-cent "pricebreak" provision (Emmenthaler, Gruyere-process, and "other" cheese having an f.o.b. country-of-origin price of less than 47 cents per lb.); lactose; chocolate crumb; and the New Zealand quota for "other cheese." In its request, the Committee specifically asked for information on whether any of the products concerned are interfering with the dairy price support program.